

SUBJECT: BID RESULTS FOR TRANSIT FIBER OPTIC CONDUIT INSTALLATION PROJECT

SOURCE: Public Works Department - Engineering Division

COMMENT: On April 4, 2014, staff received three (3) bids for the Transit Fiber Optic Conduit Installation project. The proposed project consists of furnishing to the City all labor, materials, equipment and services for the construction of a 2" conduit and related appurtenances in Division Street, Mill Avenue and Hockett Street. The bids are as follows:

<u>Contractor</u>	<u>Amount</u>	
	<u>Option 1</u>	<u>Option 2</u>
1. Bill Nelson Gen. Eng. Const. Inc. Fresno, CA	\$115,513	\$102,605.50
2. Madco Electric Inc. Selma, CA	\$125,277	\$106,251
3. Tennyson Electric Inc. Livermore, CA	\$134,737.50	\$122,786

The cost difference between Option 1 and Option 2 is due to a difference in specified materials. Option 1 specifies a Type 2 galvanized steel conduit and Option 2 specifies a Type 3 HDPE rigid non-metallic conduit per Caltrans Standard Specification. Both conduits will equally protect the fiber optic lines in place barring any unforeseen circumstances.

The Estimate of Probable Cost for construction is \$78,465. The lowest responsive bid for Option 1 is 47.2% over the estimate, and lowest responsive bid for Option 2 is 30.7% over the estimate. In Option 2, an additional \$10,260.55 is necessary for the construction contingency (10%), and it is anticipated that an additional \$5,130.28 (5%) is needed for construction management, quality control, and inspection services for a total estimated project cost of \$117,996.33. Pursuant to current policy adopted by City Council during the September 4, 2012, meeting, the low responsive bid would normally be rejected since it exceeds the Engineer's Estimate of Probable Cost by more than 10%.

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The question before the Council is whether to award or reject awarding a contract to the lowest responsible bidder. Although the possibility exists that the City will receive favorable bids if we re-advertise, there are no guarantees that the City will receive less costly bids. In addition, the re-advertisement of bids would put this project under time constraints which would also jeopardize part of the funding for this project.

State of California Proposition 1B is the funding source for this project via three (3) grants that span a 3-year period, which has been a complicating factor in this project. The initial grant in the amount of \$36,527.27 is due to expire on May 31, 2014, and no further time extensions are available to the City. The contract, should Council award the project, requires the contractor to perform meaningful work equating to the initial grant amount and secure payment before said deadline. Should Council decide not to award this contract, then the initial grant amount must be returned to the State.

An additional \$30,000 is required to fully finance the project should direction be given to execute a contract with the lowest responsible bidder. The Transit Division has additional Proposition 1B funds available that could be re-appropriated to cover this expense, if so directed.

RECOMMENDATION: That City Council direct staff to:

1. Reject all bids and authorize the City Engineer to re-advertise the project for new bids per policy; or
- 2.A. Award Option 2 of the Transit Fiber Optic Conduit Installation Project to Bill Nelson General Engineering Construction Inc. in the amount of \$102,605.50;
 - B. Authorize a 10% contingency to cover unforeseen construction costs;
 - C. Authorize 5% for construction management, quality control and inspection; and
 - D. Direct the Finance Director to re-appropriate \$30,000 of Transit Division Proposition 1B funds to this project.